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FEDERAL TIMES

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Agencies Begin Accepting 'Belated Transfers' to FERS

By Sean Ford

Agency personnel offices have begun to accept late transfers to the Federal Employees Retirement System, following reports last week that such moves would be permitted through June.

To be eligible for the "Belated Transfer Provision," employees may have to certify that they would have switched to FERS last year had they been aware of last-minute pension changes enacted nine days before the end of 1987.

Last year's special open season on retirement plans, which gave Civil Service Retirement System enrollees a chance to change coverage, ended Dec. 31, leaving many to complain they would have rethought pension choices if they'd known what Congress did Dec. 22.

The fact that many employees were away on Christmas leave added to the confusion and was cited as a reason only 2 percent of eligibles moved to FERS.

At an April 25 meeting with agency retirement counselors, Office of Personnel Management officials reviewed the terms and procedures under which agencies can accommodate late signers-on. OPM also sent out a letter (Retirement Counselor Letter Number 88-107) containing the details.

The belated filing provision gives agencies authority to accept late transfers when "an individual, for cause be-



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— USDA Official

yond his or her control, was unable to elect FERS coverage within the prescribed time limit [of last Dec. 31]."

"This would include, for example," the OPM letter says, "a case in which the employee was not notified, or was not otherwise aware, of the last-minute congressional action."

OPM officials acted after receiving official word from the Social Security Administration that people who transfer under the provision will be considered to have beaten a Dec. 31, 1987, deadline after which a Social Security rule affecting federal employees was tightened considerably.

No Questions Asked

One of Congress' Dec. 22 changes provided that federal employees enrolled in FERS before Dec. 31, 1987, are exempt from Social Security's Public Pension Offset, also called the Government Pension Offset. The offset reduces spousal Social Security benefits by two-

thirds of a retiree's federal annuity — usually eliminating the spousal benefit.

Most people who join FERS after Dec. 31, 1987, such as new hires, will have to serve five years under that system to avoid the offset. But belated transferees now have an opportunity to dodge it.

Also benefiting from the second shot at FERS are upper-income employees who did not learn of Congress' revision of an eligibility rule regarding the federal thrift retirement fund.

The revision gives federal employees a waiver from a law that prevents people whose income exceeds \$50,000 a year from putting into the thrift more than 2 percent above what lower-income workers contribute. The \$50,000 cap is intended to prevent private companies from tilting 401(k) plans toward upper-echelon types.

Congress also considered loosening a Social Security rule called the Windfall Elimination Provision, under which personal Social Security benefits are re-

duced for federal pensioners who did not log 30 years of substantial Social Security coverage.

Lawmakers dropped that change Dec. 22, however, in a move not expected to induce more transfers this time around. Also, there has been no movement this year toward loosening the windfall provision for future federal retirees, whose Social Security requirement would have been lowered to 25 years under a 1987 House-passed measure.

Meanwhile, officials at the two of the largest federal agencies — Health and Human Services and Agriculture — say they've already accepted some belated transfers.

"We accepted our first one this morning [April 28]," said USDA personnel counselor Illene Harrison, one of about 100 attendees at the OPM meeting.

HHS was the first agency to accept belated transfers; as Social Security's parent agency, it got the pension offset news first.

Early Action Suggested

Transfers can be accepted until June 30. But counselors are urging employees to act before then, noting transfers do not take effect until a following pay period.

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State's Record Keeping Called 'Deplorable' at Hill Hearing

Travel Advances Remain in Limbo

By Anne Laurent

Ludwig Van Beethoven still owes the State Department an explanation for a travel advance he received sometime between 1983 and 1987, according to agency records.

long time, and it isn't getting cleared up nearly fast enough to suit just about anybody involved.

State received a tongue-lashing and serious warnings for the future should the money system



Where Are These People?

Among the people who owe the State Department accounting on about \$15 million in trav-



Under last fall's budget agreement, appr Declassified and Approved For Release 2014/02/26 : CIA-RDP89-00066R000500150007-7
els must meet certain caps, but

Course

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authorizes early-outs only when an agency is going to have a major RIF, major reorganization or transfer of function.

Barbara Higginbotham, a supervisory staffing specialist at the Defense Logistics Agency in Richmond, Va., found the RIF course so useful in explaining the new complicated procedures that she enrolled four of her staff people.

Higginbotham said she didn't

predict any RIFs at DLA, "but with all this contracting out, you can't tell what will happen."

If there is a RIF, she added, "someone will have to be able to explain the rules to the employees."

The correspondence center offers a wide range of independent study training to government employees at the federal, state, local and Indian tribal levels. The current course catalogue offers instruction in such areas as Air Force pay setting, basic labor relations and analytical report writing.

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Employees are further encouraged to keep their transfer paperwork for Social Security purposes, although transfer records will be kept in employee files as well.

Regarding employee verification of how he or she qualifies for the belated filing provision, the law leaves it up to agencies

to set criteria.

Yet OPM and agency officials indicated there would be no great burden of proof on late filers, and one agency counselor acknowledged requests would be accepted "as is, with no question."

An informal *Federal Times* survey in March found only 12 percent of 150 employees who wanted another look at FERS, and only 2.7 percent, or four employees, who said they'd defi-

nately make the move. Of the four, one employee cited the thrift fund and two cited the pension offset.

"We don't know if it will be a flood or a trickle," said USDA's Harrison. "We're just glad to have an opportunity to deal with those last-minute, major congressional changes."

"If [employees] feel they missed the boat last time around, here's their chance," she added.

The consulting firm estimates that federal enrollees are spending \$20 million to \$25 million a year in the dues for which they receive nothing more than would be provided without such fees by a private insurer.

The "economic inefficiency" of the program also is critical to its decline, the study concluded.

In particular, the report cited the absence of competition as

formed decisions about their "doubtful," it said.

The report recommends offering spacing out the open seasons, "perhaps allowing participants the opportunity to change plans every two or three years

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OPM spokesman Jim I
said the report would b
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He expects the agency
meeting with federal em
unions and other groups
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Controller

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on the agency hotline March 1.

Two weeks later, FAA personnel management specialist Ken Giordan notified Wickersham that the rules were on books but that Transportation had put a temporary hold on the program.

Zelke also had allies among the National Air Traffic Controllers Association, with a national office in Washington that could put some pressure on the FAA. He had been a long president of the union before the accident.

After weeks of phone calls from the union and FMA, Wickersham was given the go-ahead March 24 to start transferring leave hours. "We've been on a roll ever since," Wickersham said.

He believes the program has been a positive step in terms of human relations. "The controllers say, 'At last the FAA cares,'" Wickersham said.

"The FAA is more responsive than I thought. But I would still like to see them take care of the broader work force," Zelke said.

Of his co-workers, Zelke said: "Not enough can be said about what these guys have done for me. I don't even know how to come out and say thank you."

— Susan Kella